

DEVELOPMENT AND IMPLEMENTATION OF A NATIONAL PUBLIC PROCUREMENT SYSTEM

(TC-00-10-01-3)

EXECUTIVE SUMMARY

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| Executing agency: | Technical Secretariat of the Office of the President (SETEC), in coordination with the Procurement Division of the Ministry of Finance. | |
| Amount and source of financing: | Modality: | Donation |
| | MIF: | US\$1,050,000 |
| | Local counterpart: | <u>US\$ 450,000</u> |
| | Total: | US\$1,500,000 |
| Period: | Execution period: | 36 months |
| | Disbursement period: | 42 months |
| Objectives: | The objective of the operation is to make the State procurement process more efficient, more competitive, and more transparent, with greater participation by the private sector. | |
| Description: | <p>The new system will need to address the country's unique demands, taking into account the different actors in the public and private sectors. The operation is divided into four components as follows:</p> <ol style="list-style-type: none"> Design and implementation of an electronic procurement information system [sistema electrónico de adquisiciones] (SEA) that achieves greater efficiency and transparency in procurement by drawing on available information technology. Updating of standards, to establish basic regulations governing the use and management of the new system. Improvements in internal control of the procurement process, in order to establish mechanisms that verify the efficiency and transparency of the procurement process and ensure the accuracy and reliability of technical, administrative, and financial data. Training for the private sector, to extend training in procurement management, including the use and management of the system, to suppliers of goods, works, and services in the private sector, particularly small and medium-sized | |

companies. Provision is also made for developing campaigns to provide information on and promote the new procurement system to suppliers of goods, works, and services in the private sector, particularly small and medium-sized companies.

Environmental and social review:

The environmental feasibility of this operation is assured through the environmental and social protection measures contained in existing legislation and adopted for the activities that are recommended for each component (see paragraphs 4.13, 4.21, and 4.26). The Committee on Environment and Social Impact considered this operation on 23 March 2001. The Committee made no specific recommendations.

Benefits and beneficiaries:

The direct beneficiaries will be suppliers of works, goods, and services in the private sector, and in particular about 1,500 small and medium-sized businesses and microenterprises, that will have a dependable and efficient procurement system and reliable, comprehensive, and understandable information that opens up new and more equitable opportunities for doing business with the State. Suppliers will also benefit from a competitive and transparent market that serves as an incentive to develop better products and services at a fair price for purchasers in the public sector.

At the same time, the purchasers in the public sector stand to benefit from the existence of a suitable and efficient vehicle for conducting procurement more effectively at a fair price and a means of monitoring and controlling the entire process on a timely basis from programming to settlement of contracts. Estimates in countries with electronic procurement information systems show that, in terms of competitiveness and efficiency alone, the increased savings range from about 10% to around 30%.

Special contractual clauses:

Precedent to the first disbursement:

Evidence that the two consultants have been identified and hired for the Standards Unit (paragraph 6.5).

Other special condition:

The regulations governing the implementation of the SEA will need to be in force before the software and the equipment are procured. (paragraph 4.14).

Exceptions to Bank policy:

No exceptions to Bank policy are anticipated.